

**State of Indiana  
Governor's Juvenile Law Commission**

**DRAFT 8  
(October 8, 2004)**

**Introduction:**

The Juvenile Law Commission has established a subcommittee to determine a more effective and integrative funding strategy for the payment of children's services provided by any of the child serving systems. These service systems include juvenile justice, child protection, mental health, education and developmental disability.

To implement this change in funding strategy, a three-phase process is recommended. These three phases are the:

- 1) Information, Policy and Planning Phase (1-2 years)
- 2) Public Policy and Fiscal Incentive Development Phase (1-2 years); and,
- 3) Financial Realignment Phase (1-2 years).

The subcommittee developed seven guiding principles that supported the four "cornerstones" of the Juvenile Law Commission, as well as provide a focus so the change is thoughtful, deliberate and based upon documented information and not anecdote. These guiding principles are:

- Maintain the best interests of children as the highest priority;
- Increase reimbursements from the federal government so as to decrease net county and state costs for children's services for current services and redirect funds for prevention and early intervention services;
- Increase the amount of un-leveraged state and local dollars to be used as match for federal funds as a percentage of expenditures for children's services;
- Improve even further, the accountability for the expenditure of funds for children's services;
- Recognize the unique nature of Indiana's current funding mechanism that places a significant reliance on the use of local property taxes as the match for the receipt of federal funds;

- Ensure that a statewide fiscal policy will support and provide an incentive for prevention, early intervention and use of community and home-based services; and,
- Align current funds with the priorities established through effective inter-agency planning and inter-system services.

### **Basic Premises of the Proposal:**

There are two premises that serve as a basis for this document:

- There should be no need for additional state or local dollars in order to improve services to children because an emphasis will be placed upon re-aligning, re-directing and maximizing local, state and federal funds; and,
- State funds that are saved through identified efficiencies should be re-directed to improve services and therefore outcomes for children as well as assist in any re-alignment strategy as the transition to a new financial strategy is implemented.

### **Format of the Proposal:**

The format for this document coincides with the three phases for the implementation of a new strategy and process for funding children's services. These phases are:

- 1) An ***Information, Policy Development and Planning Phase*** during which an understanding of the current status of spending will be developed as well as the establishment of a baseline upon which to measure progress. During this phase, State leaders will develop statewide policies and priorities to achieve well being outcomes for Hoosier children;
- 2) A ***Public Policy and Fiscal Incentive Development Phase*** during which executive and legislative leaders should determine which fiscal incentives should be developed to support the public policies identified in Phase One that focus on preventive services and well being outcomes for children. These incentives should provide the basis for subsequent re-alignment of existing funding; and,
- 3) A ***Funding Realignment Phase*** in which information obtained from the two prior phases should be used to determine whether

even more dramatic and systemic changes might be warranted for statewide funding of children's services.

It is anticipated that these three phases establish a long-range plan that could easily involve a five to seven-year period of time.

### **Phase One: Information, Policy Development and Planning Phase**

The financial management of services for children should be served well, if more basic expenditure and utilization data collection, integrated policy development and more comprehensive cross-system planning of all services for children could be implemented. A means to accomplish this should be an on going aggregated reporting of all expenditures and service utilization presented by funding source and by county. While the state biennial budget process serves as the mechanism to request State General Fund dollars, the initiation for the budget process for local funds should remain with the county early intervention plan. Obviously, there must be a mechanism at the State level to share financial information between the two budget processes so the budget processes can complement each other and focus on a consistent statewide policy and priorities for children.

The early intervention plan process should begin with a clear policy statement from state policymakers as to the statewide policy and priorities for Hoosier children. This statement should be complemented by an alignment of core values that support the policy, as well as the establishment of measurable objectives on a county-by-county basis that will be used to determine progress toward the policy and priorities. The policy should be based on a clear identification of consistent and statewide well being outcomes for children as well as a statement about the importance of prevention services and an identification of a continuum of services that best address these outcomes.

Once trend information is obtained, the policy also should form the basis for Phase Two, in which there will be a re-shaping and re-alignment of current funding with goals that support prevention services, or when necessary, early intervention services if prevention services do not achieve well being outcomes for children. The statewide policy should emphasize that out of home or residential placement is to be used only when it is the only alternative to meet the best interests, safety, health and well being of a child. This policy direction should be forwarded to each county in September of each year as the overall instruction upon which to develop the county early intervention plan.

The communication about the early intervention plan also should include information from the State policy makers about:

- An explanation of the statutory requirement to develop the plan;
- The specific funding sources and services that are to be included in the plan development;
- The use of the plan as the basis for development of the county family and children's fund budget;
- A clear identification of the target population of children to be served by the early intervention plan;
- A clear policy statement from the appropriate state agency heads that information sharing among local agencies involved in a child's service coordination plan will be implemented in a manner as to safeguard identifying and confidential information;
- The identification of measurable objectives that will monitor progress made on the plan;
- The plan review process;
- The manner in which the early intervention plan process will relate to the state budget process;
- The offer of technical assistance from the State;
- The requirement for the establishment of a continuum of services that each county is expected to have available to children;
- The reference to the minimum standards that must be attained for each component of the continuum of services;
- An assessment of the community capacity to provide the needed services; and,
- The availability and integration of a statewide financial information system that will monitor, by the use of a unique "child identifier," cross-agency service expenditures and service utilization, from each of the major funds that pay for services for children and their families.

For the purpose of this process, a Children's Services Policy Forum should be established that includes the following representatives:

- Governor;
- Superintendent of Public Instruction;
- Speaker of the House;
- President Pro Tempore; and,
- Chief Justice of the Indiana Supreme Court

The Children's Services Policy Forum should be empowered to establish rules for conducting its business and establish whatever mechanisms needed to advance the interest of child well being and interests.

In addition to the current membership structure of the early intervention planning team, the following local representatives should be added:

- County Health Department representative (which may include county extension staff);
- Community Action Agency;
- Detention Center or Juvenile Justice Center (when applicable);
- Township trustee; and,
- CASA, GAL or other child advocacy representative.

The content of the county early intervention plan is to address the following issues:

- The manner in which funds will be used to promote improved services to children and families while decreasing administrative costs;
- An overall commitment of the early intervention team to meet the state policy objectives presented in the policy letter;
- How a common screening and an assessment process shall be implemented and maintained to improve the process to provide prevention and early intervention services to children and families;
- The manner in which child and family information will be shared and safeguarded;
- The manner in which measurable objectives will be gathered;
- That the early intervention team shall serve as the authoritative local forum for children's services development and dispute resolution in the county;
- The identification of state agency state plans, administrative rules, state statutes or agency policies that should be evaluated to promote better coordination and cooperation of services and to minimize overly-restrictive practices;
- How new funding opportunities will be sought to support and compliment the early intervention plan and the collaborative process for local review and approval of the new funding request; and,
- The manner in which public education and information will be managed to bring about a public will and support for the statewide policies and priorities for children.

The early intervention plan also should include (beyond the current statutory requirements) inclusion of the funds from the following sources to promote efficiency and effectiveness:

- Kids First grants;
- County General Funds that pay for secure detention and/or alternatives to detention, and commitment costs to the Department of Correction for children;
- Community Action funds targeting children;
- Mental health funds;
- Township trustee funds focusing on child well being;
- Healthy Families;
- JABG funds and other Criminal Justice Institute funding;
- Parental reimbursements;
- The Children's Psychiatric Residential Treatment Fund; and,
- Child Welfare Services account funds.

The submission dates for the Early Intervention Plan should be moved forward to thirty days (30) days earlier than what is presented in the statutes in order to accomplish this new process.

The incentive to develop a meaningful early intervention plan should be based upon a clear understanding that any expansion of the base to any current state funding or any new funding opportunities for children's services from any state agency will be based upon compliance with and adherence to the early intervention planning process and plan.

During Phase One, the State would be responsible to develop, or if possible, use existing information systems to track expenditures and service utilization on a child and/or family basis. The development of a "child identifier" common to all systems would provide the type of expenditure information that could assist in inter-agency policy development, planning and appropriate sharing of service costs by child. The information would be used to identify expenditure trends, fund utilization, service utilization and potential areas of efficiency (e.g., use of funds for leveraging of federal monies, amount of federal reimbursements and decrease in service delivery costs).

After refining service definitions and developing a common language for all information systems that serve children, a decision should be made about the development of a central reimbursement office. That activity would establish a payer hierarchy that identifies the most favorable fund in which to pay specific services in order to maximize federal reimbursements.

## **Phase Two: Public Policy and Fiscal Incentive Development Phase**

After data is collected for up to three calendar years, key state policy makers in both the executive and the legislative branches should have sufficient information to determine how incentives should be developed to promote public policy goals of prevention, early intervention and well-being outcomes for children. Simultaneously a public will developed through an aggressive public information and education campaign should promote the benefits of prevention, early intervention and child well-being outcomes. Examples of possible incentives for the various systems could include as an example, the following:

- Juvenile Justice: Increased awards for Community Correction Funds for communities in which a decrease in truancy referrals is documented and a reduction in commitments to the Department of Correction is noted;
- Child Protection: Partial reimbursement from the State for local property tax expenditures for community and home based services for children who have been maltreated as well as for development of permanency plans;
- Special Education: An increase in state reimbursements for education evaluations that focus on community and home based services that lead to educational success;
- Mental Health: Award of “seed funds” to grow capacity for additional community and home based services; and,
- Developmental Disability: Availability of Children’s CHOICE funds to promote community and home based services.

Consideration should be given at that time to establish an “x” percent reimbursement for the use of specified funds that promote attainment of the statewide policy goals. For example, institutional costs could remain with the county family and children’s fund but community and home-based services would be eligible for a state reimbursement of some percentage as a fiscal incentive to attain the public policy objective. This financial policy would encourage counties to focus on prevention, mental health and other health related child well being outcomes, early intervention and community and home based services. A discussion and decision also should be held during this phase, as to the feasibility and benefits of transferring the per diem costs of commitments to the Department of Correction in the county family and children’s fund.

Statutory changes should be suggested that more clearly define the availability and the manner in which Family Preservation Services funds within the county family and children fund, as well as the child welfare

service account within the state administered funds managed by FSSA can be used so as to assist in the re-engineering of the funding mechanism for the service systems that serve children.

In order to support these changes, significant technical assistance resources should be developed and made available to the local communities. In this phase, significant and comprehensive public policy outcomes should be debated and proposed that should include at a minimum policies that ultimately would achieve well-being outcomes such as decreased drug use, improved educational success and improve high school graduation rates while decreasing duplicative services and administrative costs.

### **Phase Three: Funding Realignment Phase**

The funding realignment phase would allow executive and legislative branch leaders to determine whether any additional costs of the county family and children's fund should be assumed by the State General Fund. To minimize cost shifting to the State General Fund, a methodology should be developed for consideration that would allow for the contribution of funds from the 92 specific county family and children's fund based upon the approved levy amount for the last three calendar years or the last year of the period for each of the 92 counties, whichever is greater. The approved levy limits could be increased or decreased on a county-by-county basis based upon the average net county cost for the two preceding years. This would ensure that local expenditures remain a priority with local officials and continue the local leadership necessary for the successful delivery and management of children's services.

This mechanism also would maintain the existing partnership between the State and the local community for the planning and delivery of effective services for children. During this phase, a statement should be issued from State policy makers that any new funding for children's services whether by grant or demonstration project from a state agency will be based upon meeting the continuum of services and the minimum standards requirements as a central component of this re-alignment.